

BUSINESSES HAVE MORE TIME TO BEGIN ELECTRONIC PAYMENTS

WASHINGTON -- The Internal Revenue Service announced it will waive penalties on businesses that timely use paper federal tax deposit coupons while converting to the Electronic Federal Tax Payment System (EFTPS). This penalty relief will run through June 30, 1999. It applies to all taxpayers required to enroll in EFTPS and deposit electronically starting July 1, 1997, or later.

Over 2 million taxpayers are now enrolled in EFTPS. The IRS said that electronic tax payments of over \$1.6 trillion have been made through EFTPS.

"We are offering further penalty relief as we work to increase participation in this electronic payment program," said Commissioner of Internal Revenue Charles O. Rossotti. "We will continue to focus on outreach efforts with tax practitioners, the business community and individuals to emphasize the many advantages of EFTPS."

The IRS reminded businesses that they must still make their deposits on time, even when using paper coupons, or run the risk of a late deposit penalty. But today's announcement means that the additional 10 percent penalty for not depositing electronically will be waived through June 30 of next year.

(more)

The IRS encourages businesses to use EFTPS and begin to get comfortable with it. Making EFTPS payments successfully will show businesses that they are correctly enrolled and that their payments can be processed without error.

With EFTPS, tax payments are easy, convenient and accurate. The taxpayer directs what tax information and payment instructions will be transmitted. No government agency or outside party has unauthorized access to a taxpayer's account or company information. The technology is the same as automatic bill payment or debit card payments for groceries.

Traditionally, businesses have used paper coupons and checks to make Federal Tax Deposits, or FTDs. EFTPS eliminates most of the paperwork in this coupon system. With EFTPS, businesses may make their deposits by telephone or personal computer or through their financial institutions. This means no more trips to the bank to deliver FTD coupons and checks.

Taxpayers who are not required to make deposits electronically have a special advantage. They can timely deposit using the paper coupon or electronically without incurring an avoidance penalty.

For information on EFTPS or to get an enrollment form, call EFTPS Customer Service at (800) 555-4477 or (800) 945-8400. Taxpayers can begin using EFTPS as soon as they receive their payment instruction packet and personal identification number.

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